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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

JOHN R. BAZA
Division Director

December 29, 2009

Certified Return Receipt
7003 2260 0002 0247 8973

Todd Wilhite
Wilhite & Associates, Inc.
P.O. Box 826
Pleasant Grove, Utah 84052-0826

Subject: Deficient Reclamation Surety, Wilhite and Associates, Gulch Mine, S/023/0087, Juab County, Utah

Dear Mr. Wilhite:

The Division of Oil, Gas and Mining has reviewed the reclamation surety for the Gulch Mine. This surety was due for review on December 12, 2009. Your current reclamation surety is \$10,400 which the Division is holding in the form of a certificate of deposit. The Division has recalculated the surety based on your permitted area of two acres to be:

\$11,700 escalated for 3 years (surety amount next reviewed in 2012) OR
\$12,000 escalated for 5 years (surety amount next reviewed in 2014)

The Division uses standard per-acre costs to determine surety amounts for small mines. The figures used are shown in the following table:

Project Size (Acres)	Surety 3 & 5 year escalation	Comments
1 or less acres	\$7,400 (3-year escalation) \$7,600 (5-year escalation)	Minimum amount required
Additional acres up to 5 acres	\$4,300/ acre (3-year escalation) \$4,400/acre (5-year escalation)	Partial acreages rounded up (e.g., 1.2 acres = 2 acres)
Cumulative Amount for 5-acres	(i.e. Maximum of 5 acres = \$7,400 +\$17,200 = \$24,600) (3-year escalation) (i.e. Maximum of 5 acres = \$7,600 +\$17,600 = \$25,200) (5-year escalation)	\$600.00 difference between 3 and 5 year escalation amount for 5-acres of disturbance.



Todd Wilhite
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Based on the information in the NOI, the Division has determined that you must post additional surety in the amount of:

\$1300 for 3-year escalation OR
\$1600 for 5-year escalation

Please submit the additional surety no later than February 15, 2010.

In addition, the permit fees are delinquent for 2006 through 2009. The total amount due for permit fees is \$600 (\$150 for each year). Failure to pay the permit fee automatically suspends an operator's approval to mine. You are subject to a cessation order if you are mining with a suspended permit.

Please contact surety coordinator, Penny Berry, 801-538-5291, for instructions on how to submit this increased surety. She can be reached at 801-538-5291 or by e mail at bondcoordinator@utah.gov. If you have questions or concerns regarding this letter, please contact me at 801-538-5261 or Wayne Western at 801-538-5349.

Sincerely,

A handwritten signature in black ink, appearing to read 'P B Baker', written in a cursive style.

Paul Baker
Minerals Program Manager